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SUBJECT: UNRWA'S June 2009 Advisory Commission Meeting

Summary

11. (SBU) At the June 9-10 Advisory Commission (AdCom) meeting of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) in Amman, Jordan, Commissioner General Karen AbuZayd noted that the total deficit of \$107 million, including \$39 million of essential operating expenses, will have a significant impact on the provision of health, education, and relief services to over 4.6 million Palestinian refugees in the region. Progress on management reform of the Agency continues; UNRWA is developing a revitalized fundraising strategy to address its chronic funding shortfall. Host and donor governments agreed that the High Level Event commemorating UNRWA's 60th anniversary at the United Nations in September would have limited speakers given time constraints, but deferred decision on the speakers list to the New York-based Steering Committee. During the AdCom, Head of Delegation Liana Brooks-Rubin announced a USG contribution of \$55 million to UNRWA's General Fund; these funds were incorporated into UNRWA's financial presentation described below. End Summary.

UNRWA's Deficit Hurts Programs
And Regional Stability

12. (SBU) In her opening address, UNRWA Commissioner General Karen AbuZayd highlighted the political and socio-economic events that continue to increase the humanitarian needs of Palestinian refugees in the region. UNRWA anticipates a \$107 million shortfall amid increasing needs. AbuZayd emphasized full funding of UNRWA is necessary to safeguard the basic health and education services provided to 4.6 million refugees and observed a growing apprehension among refugees and host governments at the prospect of a reduction in UNRWA services. AbuZayd concluded her remarks by reiterating the significant role that UNRWA plays in maintaining regional stability through serving the Palestinian refugees.

UNRWA Developments in West Bank,
Gaza, Lebanon, Jordan and Syria

13. (SBU) Each of UNRWA's five field directors described the operational challenges and progress achieved over the last three months since the Extraordinary AdCom meeting in February:

-- Gaza: UNRWA Field Director John Ging noted the "profoundly unjust policies" continue to hurt "the innocent people of Gaza while helping the violent extremists." Ging said that access remains extremely limited except for medical supplies and basic food commodities. Ging noted that Operation Cast Lead destroyed or damaged over 52,000 homes, 200 schools and many key buildings and infrastructure. Although many pledges were made to enable the early recovery and reconstruction of Gaza, no construction materials have

been allowed to enter. Access for supplies needed for UNRWA's daily operations, Ging noted, has actually improved with the exception of UNRWA's security equipment, such as armored vehicles, limiting the mobility of international staff.

-- West Bank: UNRWA Field Director Barbara Shenstone noted that operations are challenged by territorial fragmentation, insecurity, and "de-development," largely generated by the barrier, settlement expansion, and associated demolitions of Palestinian homes. With rising unemployment, dependency on UNRWA's regular and emergency programs has increased. Over the coming period, UNRWA/West Bank will focus on promoting the quality of its core programs in health, education and social services and strengthen its protection programs and emergency preparedness.

-- Lebanon: UNRWA Field Director Salvatore Lombardo looked forward to a more politically stable environment in the wake of the elections. He reported that Nahr al-Bared (NAB) reconstruction will soon commence after many delays and hindrances. Lombardo hoped that the first package -- homes for 1,240 refugee families -- would be completed by mid-2010. Pledges to date will enable UNRWA to construct two of the needed eight packages. UNRWA continues its relief operations to the displaced from NAB, mainly providing rental subsidies and food assistance; an estimated 15,500 of the 27,000 displaced have returned to shelters in the adjacent camp area.

-- Syria: UNRWA's Acting Field Director Lisa Gilliam noted with appreciation the stable environment for refugees and said UNRWA would prioritize youth activities in the coming year. Of the refugee population, only 17% of refugees complete secondary education; Gilliam noted that educational achievement has declined in younger generations compared to older ones. Also, there is growing incidence of drug and alcohol abuse among Palestinian refugees in Syria. To address this, UNRWA will strengthen its vocational training program, provide employment counseling and job placement, and enhance youth-focused activities.

-- Jordan: Richard Cook, UNRWA's Field Director said that, despite the Government of Jordan's support, the Agency faces difficult challenges in meeting the needs of vulnerable groups. For example, he noted that not all refugees enjoy the advantages of Jordanian citizenship while others live in remote areas and cannot easily access UNRWA services. Staff protests over the lack of salary increases continue to be a challenge. Despite interruptions, Cook noted that UNRWA made significant achievements in education and health programs. UNRWA/Jordan's focus over the coming year will be on increasing the self-reliance of Palestinian refugees while maintaining core services at an acceptable quality. Over the coming period, UNRWA will intensify advocacy on behalf of ex-Gazans (which, unlike most Palestinians in the country, lack Jordanian citizenship), address the implications of rising medical costs, and improve inadequate school facilities resulting in double shifting and over-crowdedness.

UNRWA Financial Overview for 2009;
Outlook for 2010

14. (SBU) In his presentation to the AdCom, UNRWA Deputy Commissioner General Filippo Grandi stated that maintaining UNRWA's current level of service throughout 2009 requires contributions of \$545.6 million; currently, UNRWA is facing a deficit of \$107 million, of which \$39.3 million is essential and equal to one month of salaries for UNRWA's nearly 30,000 refugee employees. To compensate for this deficit, UNRWA will be forced to reduce, among other things, hospitalization reimbursement, provision of medication, staff training, and maintenance of facilities. Another concern is the deficit in the Emergency Programs for the West Bank/Gaza and Lebanon. In the West Bank, only 18% has been received of the \$85 million required (against pledges totaling 29% of needs); in Gaza, only 24% of the \$346 million has been received (of pledges totaling 54% of needs); and in Lebanon (for Nahr El Bared reconstruction) only 10% of the \$328 million needed is received (against pledges totaling 21% of needs). In the West Bank, UNRWA may be forced to halt its emergency programs by early July, dramatically affecting the lives of the most vulnerable refugees.

15. (SBU) Grandi presented UNRWA's draft 2010 budget of \$832 million,

which includes \$571 million for regular programs and another \$261 million for projects. He noted that, if the current deficit levels persist into 2010, UNRWA will be forced to cut back on hospitalization benefits, cancer screening, oral health clinics, medications, provision of textbooks, and the number of teachers in UNRWA schools. Meanwhile, other elements traditionally part of the regular budget will be "projectized," i.e. individual donors would need to support these costs directly. Such projects include school building construction and maintenance and the purchase of medicines for non-communicable diseases.

Host Governments Concerned that UNRWA May Reduce Services to Refugees

¶16. (SBU) The Governments of Syria and Jordan rejected the suggestion that UNRWA may have to scale back benefits to Palestinian refugees and called upon donors to cover the anticipated deficit. Both Syrian and Jordanian representatives also noted the Arab League's commitment to provide 7.2% of UNRWA's regular budget and the failure of member states to fulfill that commitment.

UNRWA Organizational Development and Reform

¶17. (SBU) Initiated in 2006, UNRWA's management reform process is nearing completion. The UNRWA 2010-2011 biennium budget will be the first that is based on a six-year Medium Term Strategy as well as field-based needs assessments that link the Agency's overarching objectives, field-specific needs and available resources. UNRWA Deputy Commissioner General Grandi noted recent achievements in refining recruitment procedures, empowering leadership in the fields, and decentralizing authority and accountability. An Enterprise Resource Planning computer system, partially funded by the USG, will allow UNRWA to operationalize decentralized decision-making while maintaining a high standard of accountability.

UNRWA Develops a New Fundraising Strategy

¶18. (SBU) UNRWA's Director for External Relations Fabian McKinnon presented a new resource mobilization strategy to better address the structural fiscal deficits that plague the Agency. Although government donors will continue to provide the majority of funding, the strategy aims to increase focus on non-traditional donors, such as foundations, communities, and individuals. McKinnon proposes to do this through developing networks of influential persons and organizations, and seeking contribution from non-traditional resources in key countries.

AdCom Members Welcomes High Level Event

¶19. (SBU) The Advisory Commission welcomed the High Level Event (HLE) commemorating UNRWA's 60th anniversary during the High Level Segment of the UN General Assembly in September. Intensive discussion ensued about the number of Foreign Ministers who would be invited to speak at the event, as several donor countries expressed interest. The AdCom deferred final decision on the speakers' list to the New York-based Steering Committee organizing the event.

Future AdCom Chair and Vice Chair Arab States

¶10. (SBU) For the first time, the Chair and Vice-Chair of the AdCom starting June 2009 are both Arab states -- Egypt and Saudi Arabia, respectively. It is hoped that Saudi Arabia's role as vice chair will increase the country's financial support to UNRWA.